

## MEMORANDUM

TO: Tim Szerlong

FROM: Doug Baillie

DATE: May 29, 2001

RE: Re-Organization of Cincinnati, Louisville and Columbus Branches

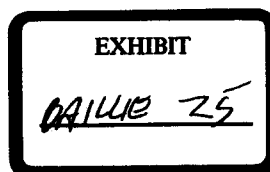
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We are proposing a structural change in the Cincinnati branches to enhance our market position in the Louisville and Columbus territories. In conjunction with the production branch concept, we intend to focus the efforts of our local underwriters to new business production, agency relationships/new appointments and retention of our key accounts.

CASUALTY: Cincinnati will absorb the \$700,000 of renewal business currently handled in Louisville. Rick O'Brien will be responsible for casualty new business production in addition to his CIS production goals. Columbus will continue to be handled by the Cincinnati branch for both new and renewal business. These changes will take place within the next month. As this business continues to grow we will look to staff a fulltime production person in Columbus.

PROPERTY, MARINE AND MACHINERY BREAKDOWN: Jeff Bezold will become the CIS new business underwriter as well as maintain his production branch leader and PMM new business responsibilities. He will handle two key accounts, LEHA-Promedica and John Morrell, which comprise approximately \$500,000 worth of PMM business. The remainder of this business will be handled out of the Cincinnati office as soon as we hire a new regional PMM manager. At that time we will also review potential restructuring of PMM assignments in Louisville.

CIS: We use the current model of \$3.7 million per underwriter handling both new and renewal business and proposed \$6 million per underwriter for handling renewals only for those agents assigned. It should be noted that the common premium per underwriter assumptions are aggressive for the Ohio branches. There are much fewer workers' compensation policies attached to the CIS accounts, therefore the workload per premium dollar is considerably higher (15-20%) since we would handle more accounts than the typical underwriter nationwide. However, using standard staffing assumptions, conceptually the workload for CIS for the three branches would be as follows:



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The premium under unassigned is currently handled by trainee Brandi Caldwell and would have to be assigned to an underwriter at sometime.

In the above scenario, Erin Pesce handles a \$1.4 million renewal book for Louisville along with a \$2.4 million book for both renewal and new business in Cincinnati. Kathleen Overlin would handle a \$3 million book of renewal business only. She would also handle a \$1.5 million book of new and renewal business for the Western Kentucky agents.

Rick O'Brien would handle \$500,000 of renewal business on three key accounts: Ambrake, Anak Brake L.L.C. and Keeneland Association, Inc. He will also continue to manage the \$4.5 million horse farm book of business that is in the ASC. That would free Rick to be predominantly a new business only underwriter.

In Columbus, Georgia McKee would handle the renewals only for the entire Columbus book of business, the Dayton book of Cincinnati and potentially \$500,000 of TIS renewal business. That would free up Jeff Bezold to be predominantly a new business underwriter for both CIS and PMM. Kevin Murphy would handle a \$3.7 million book of business for both new and renewal and also be responsible for new business in Dayton. This would leave the territory with \$3.2 million and the need for an addition to staff. This change can be implemented in July.

TIS - The life sciences book of TIS will be cored outside of Cincinnati. This will leave Jim Kerns with a remaining \$2 million worth of renewal business. He will keep a renewal book of six accounts and approximately \$1 million worth of business. Either Georgia McKee or Steve Ruhe in Cincinnati will handle the remainder of the renewals. This will free up Jim to write new business not only in Columbus but also throughout the region. Matt Mueller believes we can core the LifeScience business by September. The non-LifeScience can be reshuffled in July.

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Underwriter	Renewal Premium	Branch	New Business Expectation	Branch
Erin Pesce	\$1.4 MM (equaling 23%) renl only	LOU		
	\$2.7 MM (equaling 73%) new plus renl	CIN	\$500 K	CIN
Kevin Murphy	\$3.7 MM (equaling 100%) new plus renl	CIN	\$1 MM	CIN
Kathleen Overlin (.75 FTE)	\$1.5 MM (equaling 41%) new plus renl	Western KY LOU	\$250 K	Western KY
Rick O'Brien	\$3.0 MM (equaling 50%) renewal only	LOU		LOU
	\$500 K	LOU	\$750 K	LOU
Georgia McKee	\$6.2 MM renewal only	COL & DAY	\$50 K	COL
Unassigned	\$3.2 MM (equaling 86%) new and renewal	CIN	\$200 K	CIN
Jeff Bezold	\$500 K PMM	COL	\$600 K CIS \$400 K PMM	COL
TOTAL	\$22.2 MM CIS		\$3.6 MM CIS \$400 K PMM	

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